

AMENDED IN SENATE MAY 1, 2001

AMENDED IN SENATE APRIL 19, 2001

SENATE BILL

No. 1184

**Introduced by Committee on Revenue and Taxation (Senators
Scott (Chair), Alpert, Bowen, and Burton)**

February 28, 2001

An act to amend Sections 69.5, 170, ~~257~~, 532, and 606 of, and to add Section 425 to, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1184, as amended, Committee on Revenue and Taxation. Property taxation.

Existing

(1) *Existing* property tax law permits persons over 55 years of age and persons who are severely and permanently disabled, as specified, to transfer, under certain conditions, the property tax base year value of their home to a replacement home in the same county, and if a county ordinance so providing has been adopted, to a replacement home in a different county.

This bill, would clarify, in the case of persons over 55 years of age and persons who are severely or permanently disabled, who are transferring the base year value of their home to a replacement home under circumstances where the original home has been substantially damaged or destroyed by a misfortune or calamity and the original home is not repaired or rebuilt, that the base year value of the original home is the full cash value as if the home were appraised immediately prior to the damage or destruction.

(2) Existing law authorizes a county board of supervisors to provide by ordinance for the reassessment of property that is damaged or destroyed, without fault on the part of the assessee, by a major misfortune or calamity, upon the application, of the assessee or upon the action of the county assessor with the board's approval. Existing law requires the application to be fixed within the time specified in the ordinance, or if no time is specified, within 60 days of the misfortune or calamity.

This bill would extend the 60-day period in which an applicant may file for reassessment to one year. By requiring local tax officials to provide a higher level of service with respect to reassessment appeals, this bill would impose a state-mandated local program.

~~(3) Existing law exempts from property taxation buildings, land, and equipment that are used for religious purposes, and requires any person who is granted that exemption to notify the assessor by June 30 if the property becomes ineligible for the exemption.~~

~~This bill would instead require the person to notify the assessor by February 15 if the property becomes ineligible for that religious exemption.~~

~~(4) Existing law, known as the California Land Conservation Act of 1965, or the Williamson Act, authorizes a city or county, by contract, to limit the uses of land to agricultural uses or as an agricultural preserve in exchange for reduced property taxes.~~

This bill would generally require an assessment of taxes, penalties or interest that accrue as a result of a compliance audit of records of a local assessor, conducted by, or on behalf of the Department of Conservation, on land values pursuant to the Williamson Act, to be made within 4 years after July 1 of the assessment year in which the property escaped taxation or was underassessed.

~~(5)–~~

~~(4) Existing property tax law generally requires that an escape assessment be made within 4 years after July 1 of the assessment year in which the subject property escaped taxation or was underassessed, but specifies a 6-year limitations period for the making of an escape assessment that is subject to a statutory penalty for evasion or misrepresentation with respect to taxable personal property.~~

~~This bill would increase that 6-year limitations period to 8 years.~~

~~(6)–~~

~~(5) Existing property tax law requires, where any tract of land is situated in 2 or more revenue districts, that the portion of the land in~~



each district be separately assessed. Existing law also provides, as exceptions to that requirement, (a) that where the owner of 2 or more contiguous parcels comprising the multiple district tract is identical, and the full value of any parcel is less than \$5,000, that parcel may for assessment purposes be combined with the contiguous parcel with the greatest assessed valuation, and (b) that where the multiple district tract, comprised of 2 or more contiguous parcels under common ownership, is being used for a single-family residence and constitutes 15,000 square feet or less, the smallest parcel therein may be combined with the largest contiguous parcel.

This bill would increase the thresholds for purposes of those exceptions from \$5,000 to \$25,000, and from 15,000 square feet to 45,000 square feet.

~~(7)~~

(6) Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

~~(8)~~

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.



The people of the State of California do enact as follows:

SECTION 1. Section 69.5 of the Revenue and Taxation Code is amended to read:

69.5. (a) (1) Notwithstanding any other provision of law, pursuant to subdivision (a) of Section 2 of Article XIII A of the California Constitution, any person over the age of 55 years, or any severely and permanently disabled person, who resides in property that is eligible for the homeowner's exemption under subdivision (k) of Section 3 of Article XIII of the California Constitution and Section 218 may transfer, subject to the conditions and limitations provided in this section, the base year value of that property to any replacement dwelling of equal or lesser value that is located within the same county and is purchased or newly constructed by that person as his or her principal residence within two years of the sale by that person of the original property, provided that the base year value of the original property shall not be transferred to the replacement dwelling until the original property is sold.

(2) Notwithstanding the limitation in paragraph (1) requiring that the original property and the replacement dwelling be located in the same county, this limitation shall not apply in any county in which the county board of supervisors, after consultation with local affected agencies within the boundaries of the county, adopts an ordinance making the provisions of paragraph (1) also applicable to situations in which replacement dwellings are located in that county and the original properties are located in another county within this state. The authorization contained in this paragraph shall be applicable in a county only if the ordinance adopted by the board of supervisors complies with all of the following requirements:

(A) It is adopted only after consultation between the board of supervisors and all other local affected agencies within the county's boundaries.

(B) It requires that all claims for transfers of base year value from original property located in another county be granted if the claims meet the applicable requirements of both subdivision (a) of Section 2 of Article XIII A of the California Constitution and this section.

(C) It requires that all base year valuations of original property located in another county and determined by its assessor be

1 accepted in connection with the granting of claims for transfers of
2 base year value.

3 (D) It provides that its provisions are operative for a period of
4 not less than five years.

5 (E) The ordinance specifies the date on and after which its
6 provisions shall be applicable. However, the date specified shall
7 not be earlier than November 9, 1988. The specified applicable
8 date may be a date earlier than the date the county adopts the
9 ordinance.

10 (b) In addition to meeting the requirements of subdivision (a),
11 any person claiming the property tax relief provided by this section
12 shall be eligible for that relief only if the following conditions are
13 met:

14 (1) The claimant is an owner and a resident of the original
15 property either at the time of its sale, or at the time when the
16 original property was substantially damaged or destroyed by
17 misfortune or calamity, or within two years of the purchase or new
18 construction of the replacement dwelling.

19 (2) The original property is eligible for the homeowner's
20 exemption, as the result of the claimant's ownership and
21 occupation of the property as his or her principal residence, either
22 at the time of its sale, or at the time when the original property was
23 substantially damaged or destroyed by misfortune or calamity, or
24 within two years of the purchase or new construction of the
25 replacement dwelling.

26 (3) At the time of the sale of the original property, the claimant
27 or the claimant's spouse who resides with the claimant is at least
28 55 years of age, or is severely and permanently disabled.

29 (4) At the time of claiming the property tax relief provided by
30 subdivision (a), the claimant is an owner of a replacement dwelling
31 and occupies it as his or her principal place of residence and, as a
32 result thereof, the property is currently eligible for the
33 homeowner's exemption or would be eligible for the exemption
34 except that the property is already receiving the exemption
35 because of an exemption claim filed by the previous owner.

36 (5) The original property of the claimant is sold by him or her
37 within two years of the purchase or new construction of the
38 replacement dwelling. For purposes of this paragraph, the
39 purchase or new construction of the replacement dwelling
40 includes the purchase of that portion of land on which the

1 replacement building, structure, or other shelter constituting a
2 place of abode of the claimant will be situated and that, pursuant
3 to paragraph (3) of subdivision (g), constitutes a part of the
4 replacement dwelling.

5 (6) The replacement dwelling, including that portion of land on
6 which it is situated that is specified in paragraph (5), is located
7 entirely within the same county as the claimant's original property.

8 (7) The claimant has not previously been granted, as a
9 claimant, the property tax relief provided by this section, except
10 that this paragraph shall not apply to any person who becomes
11 severely and permanently disabled subsequent to being granted, as
12 a claimant, the property tax relief provided by this section for any
13 person over the age of 55 years. In order to prevent duplication of
14 claims under this section within this state, county assessors shall
15 report quarterly to the State Board of Equalization that
16 information from claims filed in accordance with subdivision (f)
17 and from county records as is specified by the board necessary to
18 identify fully all claims under this section allowed by assessors and
19 all claimants who have thereby received relief. The board may
20 specify that the information include all or a part of the names and
21 social security numbers of claimants and their spouses and the
22 identity and location of the replacement dwelling to which the
23 claim applies. The information may be required in the form of data
24 processing media or other media and in a format that is compatible
25 with the recordkeeping processes of the counties and the auditing
26 procedures of the state.

27 (c) The property tax relief provided by this section shall be
28 available if the original property or the replacement dwelling, or
29 both, of the claimant, includes, but is not limited to, either of the
30 following:

31 (1) A unit or lot within a cooperative housing corporation, a
32 community apartment project, a condominium project, or a
33 planned unit development. If the unit or lot constitutes the original
34 property of the claimant, the assessor shall transfer to the
35 claimant's replacement dwelling only the base year value of the
36 claimant's unit or lot and his or her share in any common area
37 reserved as an appurtenance of that unit or lot. If the unit or lot
38 constitutes the replacement dwelling of the claimant, the assessor
39 shall transfer the base year value of the claimant's original
40 property only to the unit or lot of the claimant and any share of the



claimant in any common area reserved as an appurtenance of that unit or lot.

(2) A mobilehome or a mobilehome and any land owned by the claimant on which the mobilehome is situated. If the mobilehome or the mobilehome and the land on which it is situated constitutes the claimant's original property, the assessor shall transfer to the claimant's replacement dwelling either the base year value of the mobilehome or the base year value of the mobilehome and the land on which it is situated, as appropriate. No transfer of base year value shall be made by the assessor of that portion of land that does not constitute a part of the original property, as provided in paragraph (4) of subdivision (g). If the mobilehome or the mobilehome and the land on which it is situated constitutes the claimant's replacement dwelling, the assessor shall transfer the base year value of the claimant's original property either to the mobilehome or the mobilehome and the land on which it is situated, as appropriate. No transfer of base year value shall be made by the assessor to that portion of land that does not constitute a part of the replacement dwelling, as provided in paragraph (3) of subdivision (g).

This subdivision shall be subject to the limitations specified in subdivision (d).

(d) The property tax relief provided by this section shall be available to a claimant who is the coowner of original property, as a joint tenant, a tenant in common, or a community property owner, subject to the following limitations:

(1) If a single replacement dwelling is purchased or newly constructed by all of the coowners and each coowner retains an interest in the replacement dwelling, the claimant shall be eligible under this section whether or not any or all of the remaining coowners would otherwise be eligible claimants.

(2) If two or more replacement dwellings are separately purchased or newly constructed by two or more coowners and more than one coowner would otherwise be an eligible claimant, only one coowner shall be eligible under this section. These coowners shall determine by mutual agreement which one of them shall be deemed eligible.

(3) If two or more replacement dwellings are separately purchased or newly constructed by two coowners who held the original property as community property, only the coowner who

1 has attained the age of 55 years, or is severely and permanently
2 disabled, shall be eligible under this section. If both spouses are
3 over 55 years of age, they shall determine by mutual agreement
4 which one of them is eligible.

5 In the case of coowners whose original property is a multiunit
6 dwelling, the limitations imposed by paragraphs (2) and (3) shall
7 only apply to coowners who occupied the same dwelling unit
8 within the original property at the time specified in paragraph (2)
9 of subdivision (b).

10 (e) Upon the sale of original property, the assessor shall
11 determine a new base year value for that property in accordance
12 with subdivision (a) of Section 2 of Article XIII A of the
13 California Constitution and Section 110.1, whether or not a
14 replacement dwelling is subsequently purchased or newly
15 constructed by the former owner or owners of the original
16 property.

17 This section shall not apply unless the transfer of the original
18 property is a change in ownership that either (1) subjects that
19 property to reappraisal at its current fair market value in
20 accordance with Section 110.1 or 5803 or (2) results in a base year
21 value determined in accordance with this section, Section 69, or
22 Section 69.3 because the property qualifies under this section,
23 Section 69, or Section 69.3 as a replacement dwelling or property.

24 (f) A claimant shall not be eligible for the property tax relief
25 provided by this section unless the claimant provides to the
26 assessor, on a form that the assessor shall make available upon
27 request, the following information:

28 (1) The name and social security number of each claimant and
29 of any spouse of the claimant who was a record owner of the
30 original property at the time of its sale or is a record owner of the
31 replacement dwelling.

32 (2) Proof that the claimant or the claimant's spouse who resided
33 on the original property with the claimant was, at the time of its
34 sale, at least 55 years of age, or severely and permanently disabled.
35 Proof of severe and permanent disability shall be considered a
36 certification, signed by a licensed physician and surgeon of
37 appropriate specialty, attesting to the claimant's severely and
38 permanently disabled condition. In the absence of available proof
39 that a person is over 55 years of age, the claimant shall certify
40 under penalty of perjury that the age requirement is met. In the case

1 of a severely and permanently disabled claimant either of the
2 following shall be submitted:

3 (A) A certification, signed by a licensed physician or surgeon
4 of appropriate specialty that identifies specific reasons why the
5 disability necessitates a move to the replacement dwelling and the
6 disability-related requirements, including any locational
7 requirements, of a replacement dwelling. The claimant shall
8 substantiate that the replacement dwelling meets disability-related
9 requirements so identified and that the primary reason for the
10 move to the replacement dwelling is to satisfy those requirements.
11 If the claimant, or the claimant's spouse or guardian, so declares
12 under penalty of perjury, it shall be rebuttably presumed that the
13 primary purpose of the move to the replacement dwelling is to
14 satisfy identified disability-related requirements.

15 (B) The claimant's substantiation that the primary purpose of
16 the move to the replacement dwelling is to alleviate financial
17 burdens caused by the disability. If the claimant, or the claimant's
18 spouse or guardian, so declares under penalty of perjury, it shall be
19 rebuttably presumed that the primary purpose of the move is to
20 alleviate the financial burdens caused by the disability.

21 (3) The address and, if known, the assessor's parcel number of
22 the original property.

23 (4) The date of the claimant's sale of the original property and
24 the date of the claimant's purchase or new construction of a
25 replacement dwelling.

26 (5) A statement by the claimant that he or she occupied the
27 replacement dwelling as his or her principal place of residence on
28 the date of the filing of his or her claim.

29 The State Board of Equalization shall design the form for
30 claiming eligibility.

31 Any claim under this section shall be filed within three years of
32 the date the replacement dwelling was purchased or the new
33 construction of the replacement dwelling was completed subject
34 to subdivision (k).

35 (g) For purposes of this section:

36 (1) "Person over the age of 55 years" means any person or the
37 spouse of any person who has attained the age of 55 years or older
38 at the time of the sale of original property.

39 (2) "Base year value of the original property" means its base
40 year value, as determined in accordance with Section 110.1, with

1 the adjustments permitted by subdivision (b) of Section 2 of
2 Article XIII A of the California Constitution and subdivision (f)
3 of Section 110.1, determined as of the date immediately prior to
4 the date that the original property is sold by the claimant, or in the
5 case where the original property has been substantially damaged
6 or destroyed by misfortune or calamity and the owner does not
7 rebuild on the original property, determined as of the date
8 immediately prior to the misfortune or calamity.

9 If the replacement dwelling is purchased or newly constructed
10 after the transfer of the original property, “base year value of the
11 original property” also includes any inflation factor adjustments
12 permitted by subdivision (f) of Section 110.1 for the period
13 subsequent to the sale of the original property. The base year or
14 years used to compute the “base year value of the original
15 property” shall be deemed to be the base year or years of any
16 property to which that base year value is transferred pursuant to
17 this section.

18 (3) “Replacement dwelling” means a building, structure, or
19 other shelter constituting a place of abode, whether real property
20 or personal property, that is owned and occupied by a claimant as
21 his or her principal place of residence, and any land owned by the
22 claimant on which the building, structure, or other shelter is
23 situated. For purposes of this paragraph, land constituting a part of
24 a replacement dwelling includes only that area of reasonable size
25 that is used as a site for a residence, and “land owned by the
26 claimant” includes land for which the claimant either holds a
27 leasehold interest described in subdivision (c) of Section 61 or a
28 land purchase contract. Each unit of a multiunit dwelling shall be
29 considered a separate replacement dwelling. For purposes of this
30 paragraph, “area of reasonable size that is used as a site for a
31 residence” includes all land if any nonresidential uses of the
32 property are only incidental to the use of the property as a
33 residential site.

34 (4) “Original property” means a building, structure, or other
35 shelter constituting a place of abode, whether real property or
36 personal property, that is owned and occupied by a claimant as his
37 or her principal place of residence, and any land owned by the
38 claimant on which the building, structure, or other shelter is
39 situated. For purposes of this paragraph, land constituting a part of
40 original property includes only that area of reasonable size that is

used as a site for a residence, and “land owned by the claimant” includes land for which the claimant either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. Each unit of a multiunit dwelling shall be considered a separate original property. For purposes of this paragraph, “area of reasonable size that is used as a site for a residence” includes all land if any nonresidential uses of the property are only incidental to the use of the property as a residential site.

(5) “Equal or lesser value” means that the amount of the full cash value of a replacement dwelling does not exceed one of the following:

(A) One hundred percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed prior to the date of the sale of the original property.

(B) One hundred and five percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the first year following the date of the sale of the original property.

(C) One hundred and ten percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the second year following the date of the sale of the original property.

For the purposes of this paragraph, except as otherwise provided in paragraph (4) of subdivision (h), if the replacement dwelling is, in part, purchased and, in part, newly constructed, the date the “replacement dwelling is purchased or newly constructed” is the date of purchase or the date of completion of construction, whichever is later.

(6) “Full cash value of the replacement dwelling” means its full cash value, determined in accordance with Section 110.1, as of the date on which it was purchased or new construction was completed, and after the purchase or the completion of new construction.

(7) “Full cash value of the original property” means, either:

(A) Its new base year value, determined in accordance with subdivision (e), without the application of subdivision (h) of Section 2 of Article XIII A of the California Constitution, plus the adjustments permitted by subdivision (b) of Section 2 of Article

1 XIII A and subdivision (f) of Section 110.1 for the period from the
2 date of its sale by the claimant to the date on which the replacement
3 property was purchased or new construction was completed.

4 (B) In the case where the original property has been
5 substantially damaged or destroyed by misfortune or calamity and
6 the owner does not rebuild on the original property, its full cash
7 value, as determined in accordance with Section 110, immediately
8 prior to its substantial damage or destruction by misfortune or
9 calamity, as determined by the county assessor of the county in
10 which the property is located, without the application of
11 subdivision (h) of Section 2 of Article XIII A of the California
12 Constitution, plus the adjustments permitted by subdivision (b) of
13 Section 2 of Article XIII A and subdivision (f) of Section 110.1,
14 for the period from the date of its sale by the claimant to the date
15 on which the replacement property was purchased or new
16 construction was completed.

17 (8) “Sale” means any change in ownership of the original
18 property for consideration.

19 (9) “Claimant” means any person claiming the property tax
20 relief provided by this section. If a spouse of that person is a record
21 owner of the replacement dwelling, the spouse is also a claimant
22 for purposes of determining whether in any future claim filed by
23 the spouse under this section the condition of eligibility specified
24 in paragraph (7) of subdivision (b) has been met.

25 (10) “Property that is eligible for the homeowner’s
26 exemption” includes property that is the principal place of
27 residence of its owner and is entitled to exemption pursuant to
28 Section 205.5.

29 (11) “Person” means any individual, but does not include any
30 firm, partnership, association, corporation, company, or other
31 legal entity or organization of any kind.

32 (12) “Severely and permanently disabled” means any person
33 described in subdivision (b) of Section 74.3.

34 (13) For the purposes of this section property is “substantially
35 damaged or destroyed by misfortune or calamity” if it sustains
36 physical damage amounting to more than 50 percent of its full cash
37 value immediately prior to the misfortune or calamity. Damage
38 includes a diminution in the value of property as a result of
39 restricted access to the property where the restricted access was
40 caused by the misfortune or calamity and is permanent in nature.



(h) (1) Upon the timely filing of a claim, the assessor shall adjust the new base year value of the replacement dwelling in conformity with this section. This adjustment shall be made as of the latest of the following dates:

(A) The date the original property is sold.

(B) The date the replacement dwelling is purchased.

(C) The date the new construction of the replacement dwelling is completed.

(2) Any taxes that were levied on the replacement dwelling prior to the filing of the claim on the basis of the replacement dwelling's new base year value, and any allowable annual adjustments thereto, shall be canceled or refunded to the claimant to the extent that the taxes exceed the amount that would be due when determined on the basis of the adjusted new base year value.

(3) Notwithstanding Section 75.10, Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision, including adjustments of the new base year value of replacement dwellings acquired prior to the sale of the original property.

(4) In the case where a claim under this section has been timely filed and granted, and new construction is performed upon the replacement dwelling subsequent to the transfer of base year value, the property tax relief provided by this section also shall apply to the replacement dwelling, as improved, and thus there shall be no reassessment upon completion of the new construction if both of the following conditions are met:

(A) The new construction is completed within two years of the date of the sale of the original property and the owner notifies the assessor in writing of completion of the new construction within 30 days after completion.

(B) The fair market value of the new construction on the date of completion, plus the full cash value of the replacement dwelling on the date of acquisition, is not more than the full cash value of the original property as determined pursuant to paragraph (7) of subdivision (g) for purposes of granting the original claim.

(i) Any claimant may rescind a claim for the property tax relief provided by this section and shall not be considered to have received that relief for purposes of paragraph (7) of subdivision (b), and the assessor shall grant the rescission, if a written notice of rescission is delivered to the office of the assessor as follows:

1 (1) A written notice of rescission signed by the original filing
2 claimant or claimants is delivered to the office of the assessor in
3 which the original claim was filed.

4 (2) (A) Except as otherwise provided in this paragraph, the
5 notice of rescission is delivered to the office of the assessor before
6 the date that the county first issues, as a result of relief granted
7 under this section, a refund check for property taxes imposed upon
8 the replacement dwelling. If granting relief will not result in a
9 refund of property taxes, then the notice shall be delivered before
10 payment is first made of any property taxes, or any portion thereof,
11 imposed upon the replacement dwelling consistent with relief
12 granted under this section. If payment of the taxes is not made, then
13 notice shall be delivered before the first date that those property
14 taxes, or any portion thereof, imposed upon the replacement
15 dwelling, consistent with relief granted under this section, are
16 delinquent.

17 (B) Notwithstanding any other provision in this division, any
18 time the notice of rescission is delivered to the office of the
19 assessor within six years after relief was granted, provided that the
20 replacement property has been vacated as the claimant's principal
21 place of residence within 90 days after the original claim was filed,
22 regardless of whether the property continues to receive the
23 homeowner's exemption. If the rescission increases the base year
24 value of a property, or the homeowners' exemption has been
25 incorrectly allowed, appropriate escape assessments or
26 supplemental assessments, including interest as provided in
27 Section 506, shall be imposed. The limitations periods for any
28 escape assessments or supplemental assessments shall not
29 commence until July 1 of the assessment year in which the notice
30 of rescission is delivered to the office of the assessor.

31 (3) The notice is accompanied by the payment of a fee as the
32 assessor may require, provided that the fee shall not exceed an
33 amount reasonably related to the estimated cost of processing a
34 rescission claim, including both direct costs and developmental
35 and indirect costs, such as costs for overhead, personnel, supplies,
36 materials, office space, and computers.

37 (j) (1) With respect to the transfer of base year value of original
38 properties to replacement dwellings located in the same county,
39 this section, except as provided in paragraph (3) or (4), shall apply

1 to any replacement dwelling that is purchased or newly
2 constructed on or after November 6, 1986.

3 (2) With respect to the transfer of base year value of original
4 properties to replacement dwellings located in different counties,
5 except as provided in paragraph (4), this section shall apply to any
6 replacement dwelling that is purchased or newly constructed on or
7 after the date specified in accordance with subparagraph (E) of
8 paragraph (2) of subdivision (a) in the ordinance of the county in
9 which the replacement dwelling is located, but shall not apply to
10 any replacement dwelling which was purchased or newly
11 constructed before November 9, 1988.

12 (3) With respect to the transfer of base year value by a severely
13 and permanently disabled person, this section shall apply only to
14 replacement dwellings that are purchased or newly constructed on
15 or after June 6, 1990.

16 (4) The amendments made to subdivision (e) by the act adding
17 this paragraph shall apply only to replacement dwellings under
18 Section 69 that are acquired or newly constructed on or after
19 October 20, 1991, and shall apply commencing with the 1991–92
20 fiscal year.

21 (k) (1) In the case in which a county adopts an ordinance
22 pursuant to paragraph (2) of subdivision (a) that establishes an
23 applicable date which is more than three years prior to the date of
24 adoption of the ordinance, those potential claimants who
25 purchased or constructed replacement dwellings more than three
26 years prior to the date of adoption of the ordinance and who would,
27 therefore, be precluded from filing a timely claim, shall be deemed
28 to have timely filed a claim if the claim is filed within three years
29 after the date that the ordinance is adopted. This paragraph may not
30 be construed as a waiver of any other requirement of this section.

31 (2) This subdivision does not apply to a claimant who has
32 transferred his or her replacement dwelling prior to filing a claim.

33 (3) The property tax relief provided by this section, but filed
34 under this subdivision, shall apply prospectively only,
35 commencing with the lien date of the assessment year in which the
36 claim is filed. There shall be no refund or cancellation of taxes
37 prior to the date that the claim is filed.

38 (l) No escape assessment may be levied if a transfer of base year
39 value under this section has been erroneously granted by the

1 assessor pursuant to an expired ordinance authorizing intercounty
2 transfers of base year value.

3 (m) The amendments made to subdivisions (b) and (g) of this
4 section by the act adding this subdivision apply only to
5 replacement dwellings that are acquired or newly constructed on
6 or after March 24, 1999, and shall apply commencing with the
7 1998–99 fiscal year. The property tax relief provided by this
8 section, but filed under this subdivision, shall apply prospectively
9 only, commencing with the lien date of the assessment year in
10 which the claim is filed. There shall be no refund or cancellation
11 of taxes prior to the date that the claim is filed.

12 SEC. 2. Section 170 of the Revenue and Taxation Code is
13 amended to read:

14 170. (a) Notwithstanding any provision of law to the
15 contrary, the board of supervisors may, by ordinance, provide that
16 every assessee of any taxable property, or any person liable for the
17 taxes thereon, whose property was damaged or destroyed without
18 his or her fault, may apply for reassessment of that property as
19 provided herein.

20 To be eligible for reassessment the damage or destruction to the
21 property shall have been caused by any of the following:

22 (1) A major misfortune or calamity, in an area or region
23 subsequently proclaimed by the Governor to be in a state of
24 disaster, if that property was damaged or destroyed by the major
25 misfortune or calamity that caused the Governor to proclaim the
26 area or region to be in a state of disaster. As used in this paragraph,
27 “damage” includes a diminution in the value of property as a
28 result of restricted access to the property where that restricted
29 access was caused by the major misfortune or calamity.

30 (2) A misfortune or calamity.

31 (3) A misfortune or calamity that, with respect to a possessory
32 interest in land owned by the state or federal government, has
33 caused the permit or other right to enter upon the land to be
34 suspended or restricted. As used in this paragraph, “misfortune or
35 calamity” includes a drought condition such as existed in this state
36 in 1976 and 1977.

37 The application for reassessment may be filed within the time
38 specified in the ordinance, or, if no time is specified, within one
39 year of the misfortune or calamity, by delivering to the assessor a
40 written application requesting reassessment showing the condition

1 and value, if any, of the property immediately after the damage or
2 destruction, and the dollar amount of the damage. The application
3 shall be executed under penalty of perjury, or if executed outside
4 the State of California, verified by affidavit.

5 An ordinance may be made applicable to a major misfortune or
6 calamity specified in paragraph (1) or to any misfortune or
7 calamity specified in paragraph (2), or to both, as the board of
8 supervisors determines. An ordinance may not be made applicable
9 to a misfortune or calamity specified in paragraph (3), unless an
10 ordinance making paragraph (2) applicable is operative in the
11 county. The ordinance may specify a period of time within which
12 the ordinance shall be effective, and, if no period of time is
13 specified, it shall remain in effect until repealed.

14 (b) Upon receiving a proper application, the assessor shall
15 appraise the property and determine separately the full cash value
16 of land, improvements and personalty immediately before and
17 after the damage or destruction. If the sum of the full cash values
18 of the land, improvements and personalty before the damage or
19 destruction exceeds the sum of the values after the damage by five
20 thousand dollars (\$5,000) or more, the assessor shall also
21 separately determine the percentage reductions in value of land,
22 improvements and personalty due to the damage or destruction.
23 The assessor shall reduce the values appearing on the assessment
24 roll by the percentages of damage or destruction computed
25 pursuant to this subdivision, and the taxes due on the property shall
26 be adjusted as provided in subdivision (e). However, the amount
27 of the reduction shall not exceed the actual loss.

28 (c) The assessor shall notify the applicant in writing of the
29 amount of the proposed reassessment. The notice shall state that
30 the applicant may appeal the proposed reassessment to the local
31 board of equalization within 14 days of the date of mailing the
32 notice. If an appeal is requested within the 14-day period, the board
33 shall hear and decide the matter as if the proposed reassessment
34 had been entered on the roll as an assessment made outside the
35 regular assessment period. The decision of the board regarding the
36 damaged value of the property shall be final, provided that a
37 decision of the local board of equalization regarding any
38 reassessment made pursuant to this section shall create no
39 presumption as regards the value of the affected property
40 subsequent to the date of the damage.

1 Those reassessed values resulting from reductions in full cash
2 value of amounts, as determined above, shall be forwarded to the
3 auditor by the assessor or the clerk of the local equalization board,
4 as the case may be. The auditor shall enter the reassessed values
5 on the roll. After being entered on the roll, those reassessed values
6 shall not be subject to review, except by a court of competent
7 jurisdiction.

8 (d) If no application is made and the assessor determines that
9 within the preceding one year a property has suffered damage
10 caused by misfortune or calamity that may qualify the property
11 owner for relief under an ordinance adopted under this section, the
12 assessor shall provide the last known owner of the property with
13 an application for reassessment. The property owner shall file the
14 completed application within 30 days of notification by the
15 assessor but in no case more than one year after the occurrence of
16 said damage. Upon receipt of a properly completed, timely filed
17 application, the property shall be reassessed in the same manner as
18 required in subdivision (b).

19 (e) The tax rate fixed for property on the roll on which the
20 property so reassessed appeared at the time of the misfortune or
21 calamity, shall be applied to the amount of the reassessment as
22 determined in accordance with this section and the assessee shall
23 be liable for: (1) a prorated portion of the taxes that would have
24 been due on the property for the current fiscal year had the
25 misfortune or calamity not occurred, to be determined on the basis
26 of the number of months in the current fiscal year prior to the
27 misfortune or calamity; plus, (2) a proration of the tax due on the
28 property as reassessed in its damaged or destroyed condition, to be
29 determined on the basis of the number of months in the fiscal year
30 after the damage or destruction, including the month in which the
31 damage was incurred. For purposes of applying the preceding
32 calculation in prorating supplemental taxes, the term “fiscal year”
33 means that portion of the tax year used to determine the adjusted
34 amount of taxes due pursuant to subdivision (b) of Section 75.41.
35 If the damage or destruction occurred after January 1 and before
36 the beginning of the next fiscal year, the reassessment shall be
37 utilized to determine the tax liability for the next fiscal year.
38 However, if the property is fully restored during the next fiscal
39 year, taxes due for that year shall be prorated based on the number

1 of months in the year before and after the completion of
2 restoration.

3 (f) Any tax paid in excess of the total tax due shall be refunded
4 to the taxpayer pursuant to Chapter 5 (commencing with Section
5 5096) of Part 9, as an erroneously collected tax or by order of the
6 board of supervisors without the necessity of a claim being filed
7 pursuant to Chapter 5.

8 (g) The assessed value of the property in its damaged condition,
9 as determined pursuant to subdivision (b) compounded annually
10 by the inflation factor specified in subdivision (a) of Section 51,
11 shall be the taxable value of the property until it is restored,
12 repaired, reconstructed or other provisions of the law require the
13 establishment of a new base year value.

14 If partial reconstruction, restoration, or repair has occurred on
15 any subsequent lien date, the taxable value shall be increased by
16 an amount determined by multiplying the difference between its
17 factored base year value immediately before the calamity and its
18 assessed value in its damaged condition by the percentage of the
19 repair, reconstruction, or restoration completed on that lien date.

20 (h) (1) When the property is fully repaired, restored, or
21 reconstructed, the assessor shall make an additional assessment or
22 assessments in accordance with subparagraph (A) or (B) upon
23 completion of the repair, restoration, or reconstruction:

24 (A) If the completion of the repair, restoration, or
25 reconstruction occurs on or after January 1, but on or before May
26 31, then there shall be two additional assessments. The first
27 additional assessment shall be the difference between the new
28 taxable value as of the date of completion and the taxable value on
29 the current roll. The second additional assessment shall be the
30 difference between the new taxable value as of the date of
31 completion and the taxable value to be enrolled on the roll being
32 prepared.

33 (B) If the completion of the repair, restoration, or
34 reconstruction occurs on or after June 1, but before the succeeding
35 January 1, then the additional assessment shall be the difference
36 between the new taxable value as of the date of completion and the
37 taxable value on the current roll.

38 (2) On the lien date following completion of the repair,
39 restoration, or reconstruction, the assessor shall enroll the new
40 taxable value of the property as of that lien date.

(3) For purposes of this subdivision, “new taxable value” shall mean the lesser of the property’s (A) full cash value, or (B) factored base year value or its factored base year value as adjusted pursuant to subdivision (c) of Section 70.

(i) The assessor may apply Chapter 3.5 (commencing with Section 75) of Part 0.5 in implementing this section, to the extent that chapter is consistent with this section.

(j) This section applies to all counties, whether operating under a charter or under the general laws of this state.

(k) Any ordinance in effect pursuant to Section 155.1, 155.13, or 155.14 shall remain in effect according to its terms as if that ordinance was adopted pursuant to this section, subject to the limitations of subdivision (b).

(l) In lieu of subdivision (d), if no application is made and the assessor determines that within the preceding six months a property has suffered damage caused by misfortune or calamity, that may qualify the property owner for relief under an ordinance adopted under this section, the assessor may, with the approval of the board of supervisors, reassess the property as provided in subdivision (b) and notify the last known owner of the property of the reassessment.

~~SEC. 3. Section 257 of the Revenue and Taxation Code is amended to read:~~

~~257. (a) Any person claiming the religious exemption shall submit to the assessor an affidavit giving specific information relating to property tax exemption.~~

~~(b) The affidavit shall show that:~~

~~(1) The building, equipment, and land are used exclusively for religious purposes.~~

~~(2) The land claimed as exempt is required for the convenient use of the building.~~

~~(3) The property is owned by an entity organized and operating exclusively for religious purposes.~~

~~(4) The entity is nonprofit.~~

~~(5) No part of the net earnings inures to the benefit of any private individual.~~

~~(c) Any exemption granted pursuant to a claim filed in accordance with this section, once granted, shall remain in effect until title to the property changes or the property is no longer used for exempt purposes. Any person who is granted an exemption~~

~~pursuant to a claim filed in accordance with this section shall notify the assessor by February 15 if the property becomes ineligible for the exemption.~~

~~(d) Upon any indication that a religious exemption has been incorrectly allowed, the assessor shall make a redetermination of eligibility for the religious exemption. If the assessor determines that the property or any portion thereof is no longer eligible for the exemption, he or she shall immediately cancel the exemption on so much of the property as is no longer eligible for exemption.~~

~~If a religious exemption has been incorrectly allowed, an escape assessment as allowed by Article 4 (commencing with Section 531) of Chapter 3 in the amount of the exemption with interest as provided in Section 506 shall be made, together with a penalty for failure to notify the assessor, where applicable, in the amount of 10 percent of the assessment but not to exceed two hundred fifty dollars (\$250) in tax liability.~~

~~SEC. 4.—~~

SEC. 3. Section 425 is added to the Revenue and Taxation Code, to read:

425. Except in the case of fraud, an assessment of taxes, penalties or interest that accrues as a result of a compliance audit conducted by the Department of Conservation, or by the Department of Finance on behalf of the Department of Conservation, of the records of the assessor of any county or city and county on land valued under the California Land Conservation Act as of 1965 (Chapter 7 (commencing with Section 51200) of Part 1 of Division 1 of Title 5 of the Government Code) shall be made within four years after July 1 of the assessment year in which the property escaped taxation or was underassessed.

~~SEC. 5.—~~

SEC. 4. Section 532 of the Revenue and Taxation Code is amended to read:

532. (a) Except as provided in subdivision (b), any assessment made pursuant to either Article 3 (commencing with Section 501) or this article shall be made within four years after July 1 of the assessment year in which the property escaped taxation or was underassessed.

(b) (1) Any assessment to which the penalty provided for in Section 504 must be added shall be made within eight years after

1 July 1 of the assessment year in which the property escaped
2 taxation or was underassessed.

3 (2) Any assessment resulting from an unrecorded change in
4 ownership or change in control for which either a change in
5 ownership statement, as required by Section 480 or a preliminary
6 change in ownership report, as required by Section 480.3, is not
7 filed with respect to the event giving rise to the escape assessment
8 or underassessment shall be made within eight years after July 1
9 of the assessment year in which the property escaped taxation or
10 was underassessed. For purposes of this paragraph, an
11 “unrecorded change in ownership or change in control” means a
12 deed or other document evidencing a change in ownership that was
13 not filed with the county recorder’s office at the time the event took
14 place.

15 (3) Notwithstanding paragraphs (1) and (2), in the case where
16 property has escaped taxation, in whole or in part, or has been
17 underassessed, following a change in ownership and either the
18 penalty provided for in Section 503 must be added or a change in
19 ownership statement, as required by Section 480.1 or 480.2 was
20 not filed with respect to the event giving rise to the escape
21 assessment or underassessment, an escape assessment shall be
22 made for each year in which the property escaped taxation or was
23 underassessed.

24 (c) For purposes of this section, “assessment year” means the
25 period defined in Section 118.

26 ~~SEC. 6.—~~

27 *SEC. 5.* Section 606 of the Revenue and Taxation Code is
28 amended to read:

29 606. (a) Except as provided in subdivisions (b) and (c), when
30 any tract of land is situated in two or more revenue districts, the
31 part in each district shall be separately assessed.

32 (b) Where the owner of two or more contiguous parcels
33 comprising the tract is identical, and the full value of any parcel
34 is less than twenty-five thousand dollars (\$25,000), that parcel
35 may be combined with the contiguous parcel with the greatest
36 assessed valuation.

37 (c) Where the owner of two or more contiguous parcels
38 comprising the tract is identical, and the tract of land is being used
39 for a single-family residence and constitutes 45,000 square feet or



1 less, the smallest parcel may be combined with the largest
2 contiguous parcel.

3 ~~SEC. 7.—~~

4 *SEC. 6.* Notwithstanding Section 2229 of the Revenue and
5 Taxation Code, no appropriation is made by this act and the state
6 shall not reimburse any local agency for any property tax revenues
7 lost by it pursuant to this act.

8 ~~SEC. 8.—~~

9 *SEC. 7.* Notwithstanding Section 17610 of the Government
10 Code, if the Commission on State Mandates determines that this
11 act contains costs mandated by the state, reimbursement to local
12 agencies and school districts for those costs shall be made pursuant
13 to Part 7 (commencing with Section 17500) of Division 4 of Title
14 2 of the Government Code. If the statewide cost of the claim for
15 reimbursement does not exceed one million dollars (\$1,000,000),
16 reimbursement shall be made from the State Mandates Claims
17 Fund.

